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HOUSE BILL 3294 By
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SENATE BILL 3298
By Dixon

AN ACT to enact the Tennessee Twenty-First Century
Neighborhood Schools Act, and to amend Tennessee
Code Annotated, Title 49 accordingly.

WHEREAS, the backbone of American public education has always been the neighborhood
school in which families who live in proximity to one another can participate in the
education of their children and in which school personnel have the support and
assistance of the families whose children they educate; and

WHEREAS, many problems in contemporary public education can be attributed to the decline of
community and parental involvement in the schools; and

WHEREAS, various programs have been proposed to encourage parental involvement and
enhance community support, of which the most recent is the "charter school" movement;
and

WHEREAS, many of the touted benefits of a "charter school" are the hallmarks of a well-run
neighborhood schools program and, as best as can be determined from the brief
operational history of "charter schools", "charter schools" appear most effective in a
neighborhood-type, environment; and

WHEREAS, rather than implementing a fashionable, experimental program of "charter schools"
in Tennessee, it seems more prudent and responsible to utilize the great existing
resource the state enjoys in its present neighborhood schools; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

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SECTION 1. This act shall be known and may be cited as the “Tennessee Twenty-First Century Neighborhood Schools Act of 1998”.

SECTION 2. The purpose of this act is to enable groups of parents and teachers to become more actively involved in the operation of the neighborhood schools which their children attend by giving the parents a sense of effective involvement in the education of their children and giving educators the opportunity to arrange curriculum and school operations to suit the needs of the community their school serves.

SECTION 3. As used in this act, unless the context clearly requires otherwise:

(1) “Agreement” means an agreement between the sponsor of a neighborhood school and the local board of education which sets forth the duties and responsibilities of the neighborhood group in operating the school.

(2) “Governing board” means the individuals designated by the neighborhood group who will operate a neighborhood school by deciding matters including, but not limited to, budgeting, curriculum and other operating procedures for the neighborhood school and by overseeing management and administration of a neighborhood school.

(3) “Licensed teacher” means a person who meets the qualifications of Tennessee Code Annotated, Title 49, Chapter 5, Part 1, and has received a license to teach in the public school system in compliance with the rules and regulations of the state board of education.

(4) “Local board” means the local board of education which approves, renews or decides not to revoke a neighborhood school application or agreement.

(5) “Local education agency” has the same definition as used in Tennessee Code Annotated, Section 49-3-302.

(6) “Neighborhood group” means any person, group, institution of higher learning or other organization associated with or interested in a specific neighborhood, at least one of which must be a licensed teacher teaching at the neighborhood school.

(7) "Neighborhood school" means a public elementary school in the state of Tennessee that is established and operating under the terms of an agreement and in accordance with this act.

SECTION 4. The provisions of this act shall apply to existing public elementary schools in Tennessee. For the first five (5) years of the program, participation shall be limited to fifteen (15) neighborhood schools. Ten (10) of these schools shall be located in counties or municipalities with populations of two hundred thousand (200,000) or more and five (5) of these schools shall be located in counties or municipalities with populations of ten thousand (10,000) or more. It is intended that this be a pilot program which will provide the information necessary to determine the desirability of implementing the program on a statewide basis.

SECTION 5. (a). A neighborhood group wishing to sponsor a neighborhood school shall make application to the local board now operating that school. The application shall be submitted by January 1 preceding the beginning of the school year in which the group proposes to assure operation of the school. The application shall contain:

- (1) A petition signed by at least half of the existing faculty of the school and by the parents or guardians of at least half of the students attending the school;
- (2) A statement defining the mission and goals of the proposed neighborhood school;
- (3) A description of the proposed instructional goals and methods for the school, which at a minimum, shall include teaching and classroom instructional methods that will be used to provide students with the knowledge, proficiency and skills needed to reach the goals of the school;
- (4) A plan for evaluating student academic achievement at the proposed neighborhood school and the procedures for remedial action that will be used by the school when the academic achievement of a student falls below acceptable standards;

- (5) An operating budget based on current enrollment;
 - (6) A description of the method for conducting annual audits of the financial, administrative and program operations of the school;
 - (7) A timetable for commencing operations as a neighborhood school which shall provide for at least the current minimum number of academic instruction days;
 - (8) A description of the proposed rules and policies for governance and operation of the school;
 - (9) The names and addresses of the persons proposed by the neighborhood group as the school governing board. Half of these persons shall be parents of students enrolled in the school and half shall be present or proposed faculty or staff of the school.
 - (10) A description of the anticipated student enrollment;
 - (11) A description of the admission, suspension and expulsion policies and procedures of the proposed neighborhood school;
 - (12) A description of the procedures the school plans to follow to ensure the health and safety of students, employees, and guests of the school and to comply with the applicable health and safety laws and regulations of the federal government and the laws of the state of Tennessee;
 - (13) Terms of leasing the existing neighborhood school facilities or an alternative to existing facilities; and
 - (14) Such other features that the neighborhood group may propose to enhance education, including community-set goals, year-round operation, flexible or extended operating hours, neighborhood involvement or other innovative programs or concepts.
- (b) In lieu of requirements (a)(4), (6), (8), (11), and (12), the neighborhood group may indicate that they will follow the current policies of the local education agency in these matters.

SECTION 6. (a). The local board of education has the authority to receive and act on all applications for neighborhood schools, subject to the limits set in Section 4. The local board shall advise the state board of all applications it approves and if the limits set in Section 4 are exceeded, the state board shall determine by lottery which applications will be granted.

(b) The local board shall act on all applications by February 15 and the state board shall take any elimination action by March 15.

SECTION 7. If a neighborhood group successfully applies for a neighborhood school program, it shall enter into a neighborhood school agreement with the local board which shall contain the following:

- (1) A description of a program that is consistent with the approved application, including hours of operation and term;
- (2) Specific goals or outcomes pupils are to achieve;
- (3) Admission policies and procedures;
- (4) Management and administration of the school;
- (5) Anticipated enrollment and an operating budget based thereon;
- (6) Requirements and procedures for administrative, program and financial audits.
- (7) A description of the manner in which compliance with the provisions of this act will be established;
- (8) Assumption of liability by the neighborhood school, unless assumed by the local education agency;
- (9) Types and amounts of insurance coverage to either be held by the neighborhood school or provided by the local board of education;
- (10) The term of the agreement, which may be up to five (5) years;
- (11) A description of the plan for transportation for the pupils attending the neighborhood school, if required;

(12) A lease of the existing neighborhood school facility or the alternative arrangement for facilities; and

(13) A plan for improving parental and community involvement in the school.

SECTION 8. (a) A neighborhood school shall:

(1) Operate as a public, nonsectarian, nonreligious public school, with control of instruction vested in the governing board of the school, under the general supervision of the neighborhood group and the local education agency and in compliance with the agreement and this act;

(2) Receive federal, state, and local funds as provided in Section 9;

(3) Provide special education services for students with disabilities as specified in Tennessee Code Annotated, Title 49, Chapter 10.

(4) Be subject to all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, national origin, religion, ancestry, or need for special education services;

(5) Comply with all applicable health and safety standards, regulations and laws of the United States and the state of Tennessee.

(b) If purchasing procedures are not addressed in the agreement, then all contracts for purchases or contracts for goods and services shall be through the local education agency.

(c) With regard to conflicts of interest, the governing board of a neighborhood school shall be subject to the provisions of Tennessee Code Annotated, Section 12-4-101 and 12-4-102.

(d) The meetings of the governing board of a charter school shall be deemed public business and must be held in compliance with Tennessee Code Annotated, Title 8, Chapter 44, Part 1.

(e) A neighborhood school is subject to audit procedures and audit requirements as approved by the state board of education, unless included in the local education agency's audit operation.

(f) A neighborhood school shall not charge tuition; provided, however, tuition may be charged if the local board of education approves a transfer from another district to a neighborhood school in its district pursuant to the provisions of Tennessee Code Annotated, Section 49-6-3003.

(g) Since neighborhood schools are not intended to serve a large area, they are not required to provide pupil transportation unless the local education agency in which they are located would provide transportation for similarly situated students.

SECTION 9. (a). The local board of education shall allocate funds to the neighborhood school on the basis of average daily membership (ADM) at schools it operates directly, except that funds allocated on a basis other than ADM shall be allocated to the neighborhood school on the same basis as they are allocated to other schools operated by the board. Such funds shall be disbursed as provided for in the agreement according to the schedule established for the distribution of state funds pursuant to Tennessee Code Annotated, Section 49-3-354(a). All funds shall be spent according to the budget submitted in the agreement, or as otherwise revised by the neighborhood school governing board, subject to the requirements of state and federal law. The local board may act as fiscal agent for a neighborhood school or distribute the allocated funds to the neighborhood school to be administered in compliance with the agreement and state and federal laws.

(b) Funds which would otherwise be allocated on the basis of enrollment in the prior year shall be allocated, during the first full academic year of operation of any neighborhood school, on the basis of the anticipated enrollment in the agreement, which may be subsequently adjusted based on actual enrollment.

(c) A neighborhood school may also be funded by federal grants, grants, gifts, devises, or donations from any private sources, and state funds appropriated for the support of neighborhood schools, if any, and any other funds that may be received by the local education agency. Neighborhood schools, the local board of education and the state board of education are encouraged to apply for federal funds appropriated specifically for the support of “charter” schools.

SECTION 10. A neighborhood school is primarily intended to serve the children of a geographically discrete area, but shall be open to any students who wish to attend. If applications exceed capacity, the governing board shall conduct a lottery to allocate places; however, at least one-half (1/2) of the students shall be residents of the area which the school is intended to serve.

SECTION 11. A neighborhood school is subject to all applicable state and local regulations; however, the governing board may petition the local or state board for a waiver of any state or local regulations or requirements.

SECTION 12. (a). All teachers employed by a neighborhood school shall be certified by the state of Tennessee; however, a neighborhood school may employ certified teachers from outside the pre-existing faculty of the school. Teachers and administrators shall be assigned by the neighborhood school governing board.

(b) Personnel at a neighborhood school shall be considered part of the bargaining unit in the local education agency under the Education Professional Negotiations Act, compiled in Tennessee Code Annotated, Title 49, Chapter 5, Part 6, and shall be under the salary and benefit agreement covering such unit.

(c) If a teacher employed by a local education agency makes a written request for an extended leave of absence to teach at a neighborhood school, the local education agency must grant the leave. The local education agency must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher’s written request. The local

education agency may require that the request for a leave of absence be made up to ninety (90) days before the teacher would otherwise have to report for duty. The leave shall be governed by Tennessee Code Annotated, Title 49, Chapter 5, Part 7, including, but not limited to, reinstatement, notice of intention to return, salary, and insurance.

(d) Notwithstanding the provisions of subsection (a), the governing board may petition for a waiver to employ non-certified teachers on a case-by-case basis.

SECTION 13. A neighborhood school must design its program to at least meet the performance standards and requirements adopted by the state board of education for students in other public schools. If a neighborhood school does not specifically adopt state performance standards and requirements, the neighborhood school must meet the specific goals and outcomes contained in its agreement which must meet or exceed the achievement levels of the performance standards adopted by the state board of education.

SECTION 14. (a) The governing board of the neighborhood school shall make at least an annual progress report to the local board, the special joint oversight committee on education, and the commissioner of education.

(b) The report shall contain at least the following information:

(1) The progress of the school toward achieving the goals outlined in its charter;

(2) The same information required in the reports prepared by local boards of education pursuant to state laws, rules and regulations; and

(3) Financial records of the neighborhood school including revenues and expenditures.

(c) The reports made pursuant to this section shall be public information pursuant to the provisions of Tennessee Code Annotated, Section 10-7-504(a)(4).

(d) The reports shall be made by August 1 of each year.

SECTION 15. (a) A local board may terminate an agreement with a neighborhood group or school at any time it determines that:

- (1) The safety or health of students is endangered;
- (2) Serious impairment to the educational progress of students is indicated in reports or assessments required by this act;
- (3) Fraud or misappropriation involving public funds is or has occurred; or
- (4) Other actions involving the operations of the governing board, administration, or staff of the neighborhood school are occurring that threaten the integrity of the agreement or the education of the students.

(b) A neighborhood school governing board or neighborhood group may apply for renewal of an agreement after the initial five (5) year period, subject to renewal of this act.

SECTION 16. (a) The governing body of a neighborhood school may sue and be sued.

(b) The governing body may not levy taxes or issue bonds.

(c) A neighborhood school governing board may conduct activities necessary and appropriate to carry out its responsibilities such as:

- (1) Contract for services;
- (2) Buy, sell or lease property;
- (3) Borrow funds as needed; and
- (4) Pledge its assets as security, unless the assets are leased or on loan from the state or local government.

SECTION 17. The state board of education, members of the state board, the local boards of education, members of the local boards, a neighborhood group, and the governing board of a neighborhood school shall be immune from civil liability with respect to all activities related to a neighborhood school they approve, govern or operate. Such immunity shall be removed when such conduct amounts to willful, wanton or gross negligence.

SECTION 18. The state or local boards of education are authorized to promulgate rules and regulations for the administration of this act.

SECTION 19. This act shall take effect July 1, 1998, the public law requiring it.